

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF KENTUCKY
ASHLAND DIVISION**

IN RE:

SPECIAL METALS CORPORATION, et al.,
Debtors,

SPECIAL METALS CORPORATION,
Plaintiff,

v.

THE STATE OF NEW YORK, ELIOT
SPITZER as NEW YORK STATE
ATTORNEY GENERAL, NEW YORK
STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION,
ERIN CROTTY, COMMISSIONER OF THE
NEW YORK STATE DEPARTMENT OF
ENVIRONMENTAL CONSERVATION as
TRUSTEE OF THE NATURAL
RESOURCES OF THE STATE OF NEW
YORK, THE NEW YORK DEPARTMENT
OF HEALTH, ANTONIA C. NOVELL as
Commissioner of THE NEW YORK STATE
DEPARTMENT OF HEALTH, UNITED
STATES OF AMERICA, THE UNITED
STATES ENVIRONMENTAL
PROTECTION AGENCY,

Defendants.

Chapter 11

Bankruptcy Nos. 02-10335 –
02-10338-WSH

JOINTLY ADMINISTERED

JUDGE WILLIAM S. HOWARD

Adversary No. 03-1010

SETTLEMENT AGREEMENT

WHEREAS, on or about March 27, 2002, Debtor Special Metals Corporation and its subsidiaries and/or affiliates, Huntington Alloys Corporation f/k/a Inco Alloys International, Inc. d/b/a Huntington Alloys, A-1 WireTech, Inc. and Special Metal Domestic Sales Corp. (collectively referred to as “Debtor”) filed petitions for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, et seq., as amended (the “Bankruptcy Code”);

WHEREAS, prior to Debtor filing a petition for reorganization under Chapter 11 of the Bankruptcy Code, Special Metals Corporation (“Special Metals”) and the State of New York entered into a Consent Judgment in March 1990 within the United States District Court for the Northern District of New York, Civil Action No. 86-CV-853 (the “Consent Judgment”), pursuant to which Special Metals is responsible for environmental remediation at the Ludlow Sand and Gravel Superfund Site (the “Site”) in the Town of Paris, New York. The Consent Judgment was subsequently modified by Stipulations approved by the Court in December 1991 to allow for onsite discharge of treated leachate (“O&M Stipulation”) and in August 1996 to provide for revision of the remedial response in the area of the site known as the “North Gravel Pit” (“NGP Stipulation”) (hereinafter “the Consent Judgment and Stipulations”).

WHEREAS, on or about May 5, 2003, Special Metals filed a Complaint for Declaratory Judgment against the above named Defendants, including the New York State Department of Environmental Conservation (“DEC”) and the United States Environmental Protection Agency (“EPA”), seeking a declaratory judgment that Debtor’s liability related to environmental remediation at the Site is dischargeable in this bankruptcy proceeding;

WHEREAS, the Complaint for Declaratory Judgment against the above-named Defendants included allegations that any liabilities of Debtor related to the Site that may arise under either the Consent Judgment or the Stipulations, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended (“CERCLA”), and any other applicable federal or state law, which included but were not limited to:

- a. Post-closure operation and maintenance;
- b. Natural resource damages; and
- c. Remediation efforts at the “North Gravel Pit” portion of the Site,

are dischargeable in this bankruptcy proceeding;

WHEREAS, on or about June 16, 2003, the United States, on behalf of EPA, and the State of New York filed Answers to the Complaint which each raised the affirmative defense that injunctive orders to remediate pollution or hazards and protect public health and the environment are not dischargeable in bankruptcy;

WHEREAS, on or about June 20, 2003, the United States, on behalf of EPA, and the State of New York filed Protective Proofs of Claim ("Protective Proofs of Claim") against Special Metals which respectively asserted that the United States and the State of New York are not required to file a proof of claim with respect to Special Metals' liability for environmental injunctive relief at the Site because such obligations are not dischargeable in bankruptcy, but that in the event the Defendants are wrong, Special Metals is liable for monetary claims;

WHEREAS, the National Oceanic and Atmospheric Administration ("NOAA"), a federal trustee for natural resource damages, has confirmed in the letter attached as Exhibit 1 to this Settlement Agreement that there are no NOAA trust resources at the Site;

WHEREAS, the United States Department of the Interior ("DOI"), a federal trustee for natural resource damages, has authorized the Department of Justice to execute this Settlement Agreement on its behalf;

WHEREAS, the parties hereto, without admission of liability by any party or admission of any of the legal positions of the parties, desire to settle, compromise and resolve Debtor's claim for declaratory judgment, the United States' and State of New York's Proofs of Claim, and Debtor's potential environmental liability to the Defendants related to the Site;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration receipt of which is hereby acknowledged;

IT IS HEREBY STIPULATED and agreed to by and between the parties hereto, subject to approval by the Bankruptcy Court, as follows:

- i. The foregoing recitals are incorporated herein and made part of this Agreement.
- ii. Debtor shall participate in the environmental remediation at the Site by complying with the terms of this Settlement Agreement (the "Remediation Obligation").
- iii. To meet its Remediation Obligation, Debtor shall make a payment in the total amount of \$1,000,000, to the United States on behalf of EPA, payable as follows:
 - (a) \$500,000 to be paid ten days after the issuance of a Court Order, granting a Joint Motion to be filed in the United States District Court for the Northern District of New York as provided in paragraph vii. below (hereinafter "Effective Date of Agreement"), and
 - (b) an additional \$500,000 to be paid on or before the later of (1) September 17, 2004, or (2) ten days after the Effective Date of Agreement.

The total amount to be paid by Debtor pursuant to this paragraph shall be deposited in the Ludlow Sand and Gravel Superfund Site Special Account ("Special Account") within the EPA Hazardous Substance Superfund to be retained and used to conduct remedial action at the North Gravel Pit portion of the Site, and/or to be transferred to the State of New York for

operation and maintenance of remedial components implemented at the Site. Upon the Effective Date of Agreement, all of Debtor's obligations related to the Site, other than those included in this Agreement, including but not limited to, post-closure operation and maintenance, natural resource damages and remediation, are hereby terminated.

- iv. Payment shall be made by FedWire Electronic Funds Transfer ("EFT" or wire transfer) to the U.S. Department of Justice lockbox bank, referencing EPA Site/Spill ID Number 0274 and U.S.A.O. file no. _____, in accordance with instructions provided by the United States to Debtor after execution of this Settlement Agreement. Any EFTs received at the U.S. D.O.J. lockbox bank after 4:00 P.M. (Eastern Time) will be credited on the next business day. At the time of each payment, Debtor shall send notice that payment has been made to the United States Department of Justice, Environmental Enforcement Section, Section Chief, P.O. Box 7611, Washington, DC 20044-7611, Re: DOJ #: 90-11-3-08084 and to EPA Region II, Office of Regional Counsel, New York/Caribbean Superfund Branch, 290 Broadway, 17th Floor, New York, New York 10007-1866 and to the Chief, Financial Management Branch, U.S. Environmental Protection Agency, Region II, 290 Broadway, 29th floor, New York, New York 10007-1866.
- v. In consideration for Debtor's implementation of its Remediation Obligation pursuant to this Settlement Agreement, and except as provided in paragraph viii, the United States, on behalf of the EPA, and the

Department of Justice on EPA's behalf, covenant not to bring a civil action or take administrative action against Debtor pursuant to Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, and Section 7003 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6973, relating to the Site, including but not limited to, all liabilities for post-closure operation and maintenance liabilities, administrative costs or liabilities, and/or for the North Gravel Pit remediation. In addition, the Parties agree that any civil liability to the United States, on behalf of the EPA, and the Department of Justice on its behalf, with respect to the Site under any federal environmental statute that was not raised in the Protective Proof of Claim is discharged pursuant to 11 U.S.C. § 1141. The Parties also agree that any civil liability to the United States, on behalf of DOI, and the Department of Justice on its behalf, with respect to natural resource damages at the Site is discharged pursuant to 11 U.S.C. § 1141. The federal covenants not to sue shall also apply to Debtor's successors, assigns, employees, officers, and directors but only to the extent that the alleged liability of such successor, assign, employee, officer, or director is based upon its respective status as a successor, assign, employee, officer, or director, and not to the extent that the alleged liability arose independently of the alleged liability of Debtor. The State of New York on behalf of itself, the New York State Attorney General, New York State Department of Environmental Conservation, the Commissioner of the New York State Department of Environmental Conservation as Trustee of

the Natural Resources of the State of New York, the New York State Department of Health, and the Commissioner of the New York State Department of Health (the "State of New York") releases Debtor and covenants not to bring a civil action or take administrative action against Debtor with respect to any and all past and future claims or causes of action pursuant to Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, Section 7003 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6973, Article 27 of the New York State Environmental Conservation Law, New York common law and any other applicable state law relating to the Site, including all liabilities arising from the Consent Judgment and Stipulations, including but not limited to, post-closure operation and maintenance liabilities, administrative costs or liabilities, claims for natural resource damages and/or North Gravel Pit remediation. The State of New York's releases and covenants not to sue shall also apply to Debtor's successors, assigns, owners, affiliates, employees, agents, officers, and directors but only to the extent that the alleged liability of such successor, assign, owner, affiliate, employee, officer, agent or director is based upon its respective status as a successor, assign, owner, affiliate, employee, officer, agent or director, and not to the extent that the alleged liability arose independently of the alleged liability of Debtor. The United States on behalf of the EPA, pursuant to the United States Attorney General's inherent authority set forth in 28 U.S.C. 516 to compromise and settle litigation, and the State of New York agree that in

order to harmonize bankruptcy and environmental law under the facts of this particular case, these covenants are effective upon Debtor's first payment, required by paragraph iii of this Settlement Agreement, and are contingent upon Debtor's making the second payment required by paragraph iii of this Settlement Agreement. Debtor's compliance with its Remediation Obligation pursuant to this Settlement Agreement will be deemed to constitute full compliance by Debtor with all obligations of Debtor for remedial action at the Site, and the governmental parties recognize that Section 122(f) of CERCLA does not apply to this Settlement Agreement, which harmonizes bankruptcy and environmental law.

- vi. With respect to any claim for natural resources by the State of New York that has, or could be raised against the Debtor in connection with the Site, the State of New York agrees as follows: (a) the only natural resources at the Site are those for which the Commissioner of the New York State Department of Environmental Conservation (DEC) is the designated trustee under CERCLA and for that reason, the Commissioner, or her designee, shall sign this Settlement Agreement; and (b) the issue of natural resource damages with respect to the Site was addressed in the Consent Judgment and Stipulations.
- vii. Upon authorization and approval of the Settlement Agreement by the Bankruptcy Court (a) the State of New York jointly with Special Metals shall file a motion in the United States District Court for the Northern

District of New York requesting that the District Court issue an order which concludes that, in light of the Settlement Agreement and Debtor's bankruptcy and limited ability to pay, Debtor may satisfy its obligations pursuant to the Consent Judgment and Stipulations in full by implementation of its Remediation Obligation under the Settlement Agreement, and (b) upon the Effective Date of Agreement, this Settlement Agreement will be deemed to satisfy the Protective Proofs of Claim filed, or any Proofs of Claim that could have been filed, by the United States, on behalf of the EPA, and the Department of Justice on its behalf, or the State of New York against the Debtor with respect to the Site.

- viii. The covenants not to sue set forth in paragraph v. above do not pertain to any matters other than those expressly specified in that paragraph. The United States and the State of New York reserve, and this Settlement Agreement is without prejudice to, all rights against Debtor with respect to all other matters, and all rights and claims based on a failure by Debtor to meet a requirement of this Settlement Agreement. The United States and the State of New York also reserve all rights relating to any acts of Debtor which occur after the Effective Date of Agreement creating liability under CERCLA, RCRA, and applicable state statutes, other than those associated with the transition of the post-closure operation and maintenance at the Site from Special Metals to the State of New York.
- ix. As of the Effective Date of Agreement,

- (a) Special Metals and the State shall exchange signed copies of the Bill of Sale for the Remedial Components of the implemented remediation at the Site using the form attached as Exhibit “2” to this Settlement Agreement; and
 - (b) Special Metals hereby grants, conveys, transfers and assigns all of its right, title and interest to a right of access to the Site as set forth in paragraphs IV.3(b) and XII of the Consent Judgment and the State hereby accepts said right of access.
- x. The parties to this Settlement Agreement agree that as of the Effective Date of Agreement, Debtor is entitled to full and complete protection from contribution actions or claims as is provided by CERCLA Section 113(f)(2), 42 U.S.C. § 9613(f)(2), and under New York General Obligations Law §15-108 for all matters addressed in this Settlement Agreement. The matters addressed in this Settlement Agreement are all of Debtor’s environmental liabilities, as referred to in paragraph v. above, including but not limited to, all response actions taken or to be taken and all response costs incurred or to be incurred by the United States, State of New York or any other person with respect to the Site and all damages for injury to, destruction of, or loss of natural resources, at or in connection with the Site.
- xi. Debtor covenants not to sue and agrees not to assert any claims or causes of action against the United States and the State of New York with respect to the Site including but not limited to: any direct or indirect claim for

reimbursement from the Hazardous Substance Superfund, any claims for contribution against the United States and the State of New York, their departments, agencies or instrumentalities, and any claims arising out of response activities at or in connection with the Site. Debtor agrees not to assert any claims or causes of action (including claims for contribution under CERCLA) that it may have for all matters relating to the Site against any other person who is a potentially responsible party under CERCLA at the Site, except that Debtor may assert any defense, claim, or cause of action if such person asserts a claim or cause of action relating to the Site against Debtor. Nothing in this Settlement Agreement shall be construed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611 or 40 C.F.R. § 300.700(d). Notwithstanding the foregoing, the Debtor reserves all rights and claims based on a failure by any party to meet a requirement of this Settlement Agreement.

- xii. Except as provided in paragraph v above, nothing in this Settlement Agreement shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Settlement Agreement.
- xiii. This Settlement Agreement will be lodged with the Bankruptcy Court and submitted for public comment following notice of the Settlement Agreement in the Federal Register. The United States reserves the right to withdraw from or withhold its consent to this Settlement Agreement if the public comments regarding this Settlement Agreement disclose facts or

considerations which indicate that the Settlement Agreement is inappropriate, improper, or inadequate.

- xiv. Debtor's entry into this Settlement Agreement will be subject to Bankruptcy Court approval pursuant to Bankruptcy Rule 9019. Debtor agrees to exercise its best efforts to obtain the approval of the Bankruptcy Court.
- xv. If this Settlement Agreement is not authorized and approved by the Bankruptcy Court or in the event the United States District Court for the Northern District of New York denies the Joint Motion to be made pursuant to paragraph vii. above, this Settlement Agreement shall be of no force and effect, whereupon nothing herein shall be deemed an admission of any fact or waiver of any right of either party with respect to the matters contained herein.
- xvi. Upon approval of this Settlement Agreement by the Bankruptcy Court and entry of an Order by the United States District Court for the Northern District of New York pursuant to paragraph vii. above, the State of New York will take all steps necessary to have the Consent Judgment and Stipulations entered with the United States District Court for the District of New York at Civil Action No. 86-CV-853 marked fully satisfied with respect to Debtor. In order to facilitate this Settlement Agreement, the United States, not presently before the United States District Court for the Northern District of New York on matters relating to the Consent Judgment and Stipulations, will, upon request of that Court, provide its

position as to this Settlement Agreement and related background information.

- xvii. On or before seven days after Debtor makes the payment required by paragraph iii(b) above, Debtor will take all steps necessary to dismiss this adversary proceeding (No. 03-1010) presently pending in this Court against the above-named Defendants.
- xviii. This Settlement Agreement may not be amended, modified or supplemented, in whole or in part, without the prior written consent of the parties hereto and the approval of the Bankruptcy Court.
- xix. After approval by this Court to effectuate this Settlement Agreement, and approval by the New York District Court of the Joint Motion referred to in paragraph vii. above, the parties agree to prepare and file all appropriate legal documents to carry out the provisions of this Settlement Agreement at each party's own expense.
- xx. This Settlement Agreement may be executed by counterparts which when combined and attached shall suffice and be valid, so as to eliminate in turn distribution of one multi-party execution page or pages.
- xxi. Entering into this Settlement Agreement does not constitute an admission as to any of the allegations made by any party to this Settlement Agreement and, to the contrary, is a resolution of disputed allegations.
- xxii. The parties agree that this Agreement shall irrevocably be deemed to have been jointly and uniformly drafted, and, consequently, no rules of construction or presumptions that might be applicable against the drafter

of an agreement shall be applied against any party to this Agreement with respect to the attribution of draftsmanship of any provision contained in this Agreement.

- xxiii. All parties executing this Agreement acknowledge and represent that they have understood this Agreement, that it embodies the complete Agreement, and, as the case may be, are and have been duly authorized to execute and deliver this Agreement.
- xxiv. All parties agree that this Agreement shall be binding upon the United States, the State of New York , the Debtor and each of their respective successors and assigns.
- xxv. The foregoing provisions constitute all the terms and conditions of this settlement, and the parties certify that there are no other terms and conditions, oral or written.
- xxvi. All parties to this Agreement shall bear their own costs, expenses and attorneys fees arising out of or related to their disputes as well as the settlement and discontinuance of each and every pending proceeding.
- xxvii. Venue for or with respect to any litigation arising out of this Settlement Agreement shall be in the United States Bankruptcy Court for the Eastern District of Kentucky, Ashland Division.
- xxviii. Whenever, under this Settlement Agreement, written notice is required to be given, it shall be directed to the following individuals:

For the United States:

David L. Gordon, Esq.
Trial Attorney
United States Department of Justice
Environment & Natural Resources Division
Environmental Enforcement Section
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044-7611

For EPA:

George A. Shanahan, Esq.
Assistant Regional Counsel
United States Environmental Protection
Agency
290 Broadway
New York, New York 10007

For the State of New York

David A. Munro, Esq.
Assistant Attorney General
Environmental Protection Bureau
New York State Department of Law
The Capitol
Albany, New York 12224

For Debtor:

Dennis L. Wanlass, President
Special Metals Corporation
4317 Middle Settlement Road
New Hartford, NY 13413

Jeffery J. Ludwikowski, Esq.
Robert G. Sable, Esq.
McGuireWoods LLP
Dominion Tower, 23rd Floor
325 Liberty Avenue
Pittsburgh, PA 15222
(412) 667-6000
fax (412) 667-6050

Greg Schaaf, Esq.
Greenbaum Doll & McDonald PLLC
300 W. Vine Street, Suite 1100
Lexington, KY 40507
(859) 231-8500
fax (859) 255-2742

Said written notice shall be sent by U.S. certified mail, return receipt requested, overnight delivery by private courier or facsimile transmission unless those individuals or their successors give notice of a change of address to the other parties in writing. All notices and submissions shall be considered effective upon receipt, unless otherwise provided. Except as otherwise provided in this Settlement Agreement, written notice as specified herein shall constitute complete satisfaction of any written notice requirement in the Settlement Agreement with respect to the United States, the State, and Debtor, respectively.

FOR THE UNITED STATES OF AMERICA

8.16.04

Date

THOMAS L. SANSONETTI, Esq.
Assistant Attorney General
Environment & Natural Resources Division

8/25/04

Date

DAVID L. GORDON, Esq.
Trial Attorney
United States Department of Justice
Environment & Natural Resources Division
Environmental Enforcement Section
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044-7611
(202)
fax (202) 616-2427

GREGORY F. VAN TATENHOVE, Esq.
United States Attorney
Eastern District of Kentucky

8/25/04

Date

/ s /
DAVID MIDDLETON, Esq.
Assistant United States Attorney
110 West Vine Street, Suite 400
Lexington, KY 40507-1671
(859)

Date

JANE M. KENNY
Regional Administrator
U.S. EPA, Region 2

FOR THE UNITED STATES OF AMERICA

Date

THOMAS L. SANSONETTI, Esq.
Assistant Attorney General
Environment & Natural Resources Division

Date

DAVID L. GORDON, Esq.
Trial Attorney
United States Department of Justice
Environment & Natural Resources Division
Environmental Enforcement Section
P.O. Box 7611
Ben Franklin Station
Washington, D.C. 20044-7611
(202)
fax (202) 616-2427


GREGORY F. VAN TATENHOVE, Esq.
United States Attorney
Eastern District of Kentucky

Date

DAVID MIDDLETON, Esq.
Assistant United States Attorney
110 West Vine Street, Suite 400
Lexington, KY 40507-1671
(859)

Date

8/3/04

 JANE M. KENNY
Regional Administrator
U.S. EPA, Region 2

FOR THE STATE OF NEW YORK and
ERIN M. CROTTY, COMMISSIONER OF THE NEW
YORK STATE DEPARTMENT OF ENVIRONMENTAL
CONSERVATION

8/25/04
Date

David A. Munro, Esq
Assistant Attorney General
Environmental Protection Bureau
New York State Department of Law
The Capitol
Albany NY 12224
(518)
Fax (518) 473-2534

FOR DEBTOR SPECIAL METALS

7/28/04
Date

JEFFERY J. LUDWIKOWSKI, Esq.
ROBERT G. SABLE, Esq.
McGuireWoods LLP
Dominion Tower, 23rd Floor
325 Liberty Avenue
Pittsburgh, PA 15222
(412)
fax (412) 667-6050

GREG SCHAAF, Esq.
Greenbaum Doll & McDonald PLLC
300 W. Vine Street, Suite 1100
Lexington, KY 40507
(859)
fax (859) 255-2742

7/26/04
Date

Dennis L. Wanlass, President
Special Metals Corporation
3200 Riverside Drive
Huntington, VA 25701

David Middleton shall cause a copy of this order to be served on each of the parties designated to receive this order pursuant to Local Rule 9022-1(a) and shall file with the court a certificate of service of the order upon such parties within ten (10) days hereof.

It is so ORDERED,



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
Washington, D.C. 20230

OFFICE OF THE GENERAL COUNSEL

Office of General Counsel
for Natural Resources
1315 East West Highway, Suite 15107
Silver Spring, MD 20910
(301)
Fax: (301) 713-1229
April 8, 2004

Jeffrey J. Ludwikowski, Esq.
McGuire Woods
Dominion Tower
625 Liberty Avenue, 23rd Floor
Pittsburgh, PA 15222

Dennis L. Wanlass
President
Special Metals Corporation
4317 Middle Settlement Road
New Hartford, NY 13413

Re: Ludlow Sand and Gravel Superfund Site, Paris, New York

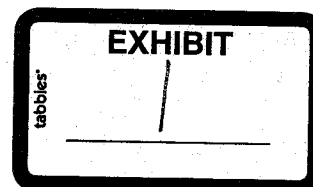
Dear Messrs. Ludwikowski and Wanlass:

On behalf of the National Oceanic and Atmospheric Administration (NOAA), I am writing to confirm that there are no NOAA trust resources at the Ludlow Sand and Gravel Superfund Site in Paris, New York.

Sincerely,

Jason S. Forman
Natural Resources Attorney

cc: David Gordon, US DOJ
Reyhan Mehran, NOAA CPRD



BILL OF SALE

For One (\$1.00) Dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, SPECIAL METALS CORPORATION with an office at 4317 Middle Settlement Road, New Hartford, New York (the "Company") does hereby sell, grant, convey, transfer, and assign, free and clear of all security interests, unto the STATE OF NEW YORK with an office at the New York State Department of Environmental Conservation, Division of Environmental Enforcement, 625 Broadway, Albany, NY 12233-5500 (the "State"), its successors and assigns, all of its right, title, and interest that it may have in and to all the implemented remediation components located at the Ludlow Sand & Gravel Site (Site # 633014 on the New York State Registry of Inactive Hazardous Waste Disposal Sites – the "Site"), Holman City Road, Clayville, New York in the County of Oneida that are described in the Operations, Maintenance & Monitoring Manual (dated March 2004) (referred to together herein as "Remedial Components").

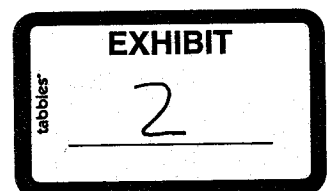
The Remedial Components include, but are not limited to, the following items located at the Site:

- (a) Leachate management building (with an address at 1988 Holman City Road, Clayville, New York 13322) and associated leachate collection system. The leachate collection system consists of nearly 3,000 feet of leachate collection trench with 4-inch perforated piping, 5 associated manholes and two pump stations that convey collected leachate via nearly 1,200 feet of 6-inch and 8-inch transfer piping to the leachate management building;
- (b) Landfill gas collection system that consists of approximately 2,950 feet of 4-in diameter, slotted ADS gas collection pipe with drain guard;
- (c) Groundwater monitoring well network that is described in the referenced Operations, Maintenance & Monitoring Manual; and
- (d) Six-feet high chain link security fence.

TO HAVE AND TO HOLD unto the State, its successors and assigns, forever the Remedial Components hereby sold, granted, conveyed, transferred and assigned.

The State acknowledges that it has inspected the Remedial Components and is accepting the Remedial Components "As Is" and Where Is." The State further acknowledges that, with respect to the Remedial Components, the Company has made no representation and given no warranty, express or implied, of any kind, including no representation or warranty of quality, merchantability, fitness for any particular purpose, safety or reliability.

This Bill of Sale is being executed in connection with a Settlement Agreement approved by the United States District Court for the Northern District of New York in *State of New York v. Ludlow Landfill*, 86-CV-853 (TJM/GLS), which terminates the Company's obligations to perform the operation and maintenance required at the Site under a Consent Judgment (approved



March 1990 and as subsequently modified). The State is accepting title to the Remedial Components as of the date of the Court's approval of the Settlement Agreement. From and after the date the State accepts title to the Remedial Components under this Bill of Sale, the State shall assume all responsibility for, and Company shall have no responsibility for, any claims relating to the Remedial Components.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York

IN WITNESS WHEREOF, the parties by their authorized representatives have executed this Bill of Sale as set forth below:

SPECIAL METALS CORPORATION

STATE OF NEW YORK

By: _____

By: _____

Name:

Name:

Title:

Title:

Dated: _____, 2004

Dated: _____, 2004

For SPECIAL METALS CORPORATION

STATE OF NEW YORK

} SS:

COUNTY OF

On this _____ day of _____, in the year 2004, before me, the undersigned a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the foregoing instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

or

STATE OF WEST VIRGINIA)

)

COUNTY OF) ss.:

On the _____ day of _____ in the year 2004, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the City of Huntington, West Virginia.

Notary Public

For STATE OF NEW YORK

STATE OF NEW YORK)

} SS:

COUNTY OF)

On this _____ day of _____, in the year 2004, before me, the undersigned a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the foregoing instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public